

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-107
Revised June 10, 2003

Filing Instructions
At Bottom of Page

APPLICATION FOR MULTIPLE COMPLETION

Chesapeake Operating, Inc. P. O. Box 11050 Midland, TX 79702-8050

Operator

Address

Spruce 10 State 1 O 10 19S 23E Eddy
Lease Well No. Unit Ltr. - Sec - Twp - Rge County

| All applicants for multiple completion must complete Items 1 and 2 below. | | | |
|--|-----------------------------|-----------------------------|---------------------|
| 1. The following facts are submitted: | Upper Zone | Intermediate Zone | Lower Zone |
| a. Name of Pool and Formation | Antelope Sink Upper Penn | Wildcat Canyon Atoka Gas | Hoag Tank Morrow |
| b. Top and Bottom of Pay Section (Perforations) | 6404 - 7166 DHC - 3447 | 7631 - 7660 DHC - 3447 | 8002 - 8121 |
| c. Type of production (Oil or Gas) | Gas | Gas | Gas |
| d. Method of Production (Flowing or Artificial Lift) | Flowing | Flowing | Flowing |
| e. Daily Production <input checked="" type="checkbox"/> Actual <input type="checkbox"/> Estimated Oil Bbls. Gas MCF Water Bbls. | 0 10 2 | 0 10 1 | 0 5 1 |

2. The following must be attached:

- Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth location and type of packers and side door chokes, and such other information as may be pertinent.
- Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.
- Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112-A.)

OPERATOR:

I hereby certify above information is true and complete to best of my knowledge, and belief.

Signature

Brenda Coffman
Brenda Coffman

Printed Name & Title Regulatory Analyst

E-mail address bcoffman@chkenegy.com

Date

09/07/2005

Telephone

(432)687-2992

OIL CONSERVATION DIVISION

Jim W. Green
District II Supervisor

Title

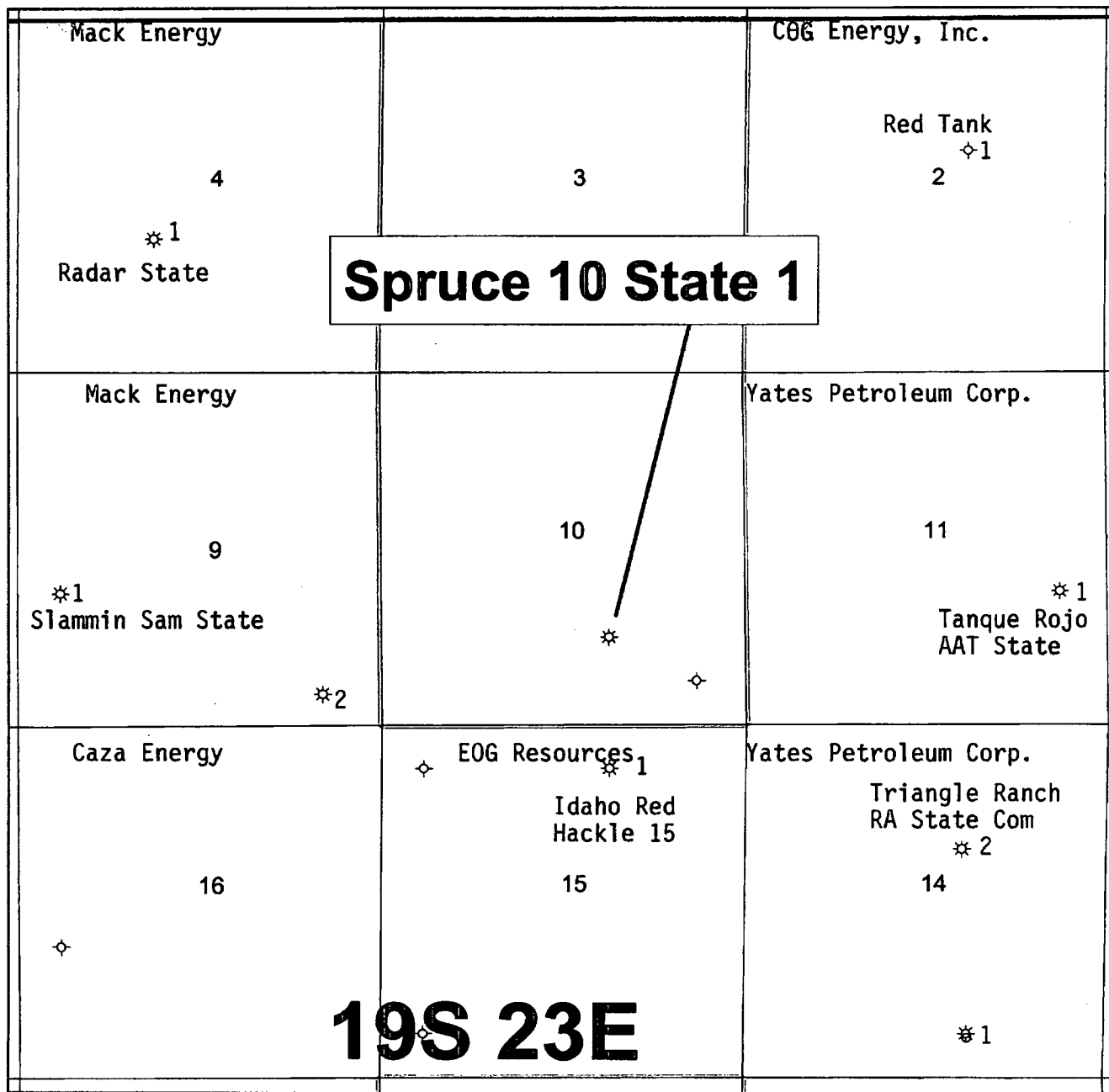
Date


NOV 03 2005

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard proration unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

FILING INSTRUCTIONS:

- District Approval -- See rule 112-A-B -- Submit 4 copies of Form C-107 with attachments to appropriate district office.
- Division Director Administrative Approval -- See Rule 112-C -- Submit 2 copies of Form C-107 with attachments to Division office in Santa Fe and 2 copies of Form C-107 with attachments to appropriate district office.
- Multiple completions not qualifying for District or Division Director approval may be set for hearing as outlined in Rule 112-A-E.



| | |
|---|---------------------------------------|
|  Chesapeake <small>Natural Gas Liquids Services</small> | CHESAPEAKE OPERATING, INC. |
| Spruce 10 State 1 All wells within 1 mile | |
| <small>Yellow sections denote Chesapeake owned leasehold</small> | |
| <small>Spruce 10 State 1 wells 1 mile.gmp</small> | |
| Date: 15 August, 2005 | Geologist: D Bellis |

SPRUCE 10 STATE #1

Application to Dual Complete

EXHIBIT A:

NAMES AND ADDRESSES OF ALL OFFSET OPERATORS

Mack Energy Corporation

P. O. Box 960
11352 Lovington Hwy
Artesia, NM 88211-0960

Caza Energy

P. O. Box 960
Artesia, NM 88211-0960

EOG Resources, Inc.

P. O. Box 4362
333 Clay Street, Ste. 4200
Houston, TX 77210-4362

Yates Petroleum Corp.

105 S 4th St. Yates Bldg.
Artesia, NM 88210-2177

COG Energy, Inc.

500 W Texas, Ste. 1100
Midland, Texas 79701

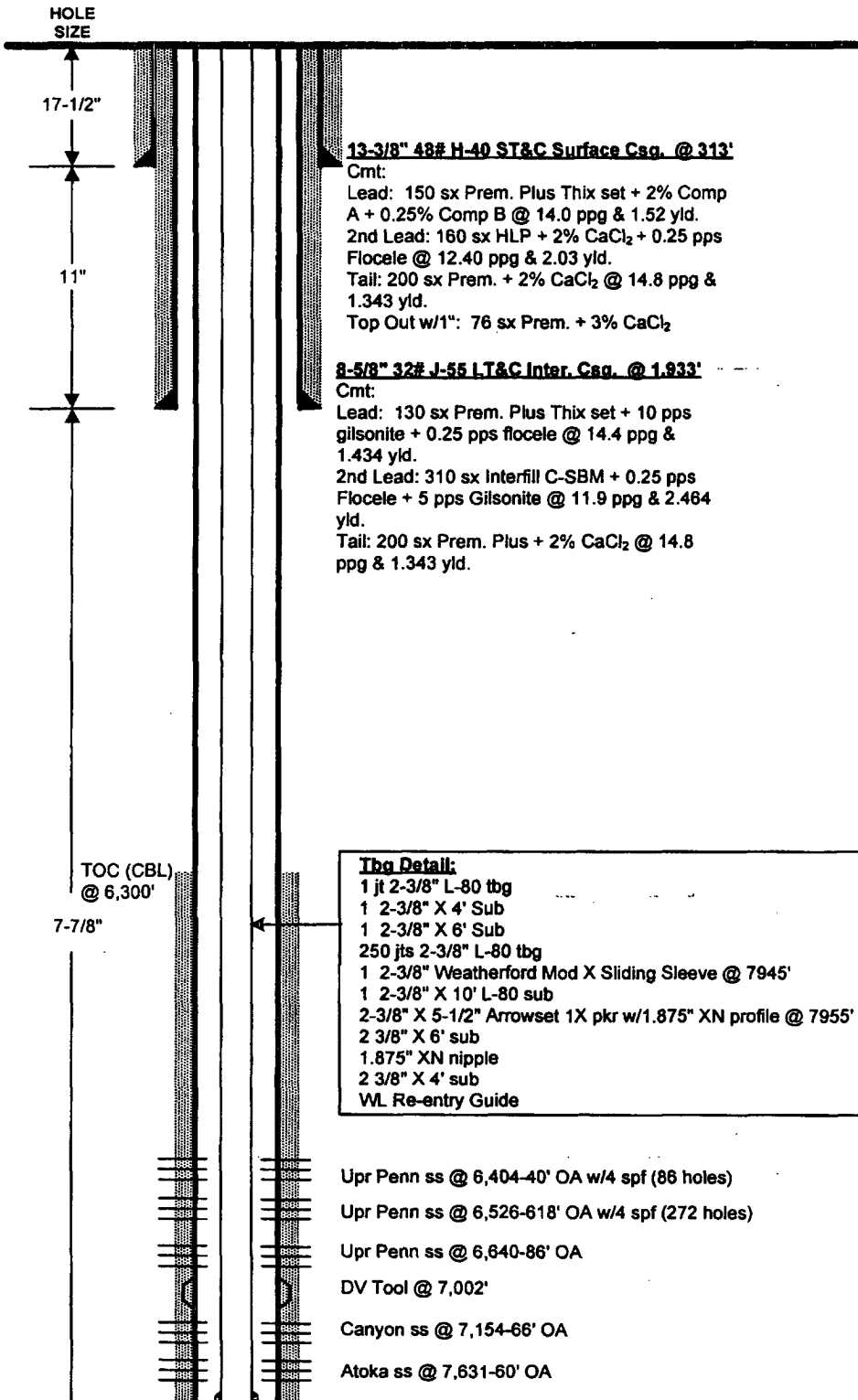
PROPOSED WELLBORE SCHEMATIC

CHESAPEAKE OPERATING INC.

WELL : SPRUCE STATE #1-10
FIELD : SPRUCE PROSPECT
COUNTY : EDDY **STATE** : NM
LOCATION : 1,310' FSL & 1,980' FEL OF SEC. 10-19S-23E
ELEVATION : GL - 3,922' RKB - 3,942'



API #: 30-015-33002
SPUD DATE: 10/3/03
RIG RELEASED: 11/2/03
FIRST SALES: 1/20/04
CHK Property #: 819471



RECEIVED
SEP 19 2005
ODD-ARTESIA



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

DHC Approval

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3447

Chesapeake Operating, Inc.
PO Box 11050
Midland, TX 79702-8050

Attention: Brenda Coffman

SPRUCE 10 STATE #001

API No. 30-015-33002

Unit O, Section 10, Township 19S, Range 23E, NMPM,

EDDY County, New Mexico

*Undesignated ANTELOPE SINK; UPPER PENN (GAS) (70520), and
WILDCAT; Canyon ATOKA (Gas) Pools*

Dear Ms. Coffman:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable to the well and allocation of production from the well shall be as follows.

| | | |
|---|---------------|----------------|
| <i>ANTELOPE SINK; UPPER PENN (GAS) Pool</i> | <i>Oil-NA</i> | <i>Gas-80%</i> |
| <i>WILDCAT; CANYON ATOKA GAS Pool</i> | <i>Oil-NA</i> | <i>Gas-20%</i> |

These percentages shall be amended only with written permission of the Division.

REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on May 9, 2005.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Artesia
State Land Office - Oil, Gas, & Minerals Division



RECEIVED
SEP 19 2005
OCD-ARTEQIA

Midland Field Office

September 7, 2005

RECEIVED
SEP 15 2005
OIL CONSERVATION
DIVISION

Oil Conservation Commission
1220 S. St. Francis Drive
Santa Fe, New Mexico

30-015-33004

Attention: Division Director Administrative Approval

RE: Spruce 10 State #1
Application for Dual Completion

Dear Bryan:

Enclosed for your consideration is Form C-107, Application for Dual Completion with the following attachments:

1. Diagrammatic Sketch of the Multiple Completion with all requirements per OCD requirements.
2. Plat showing the location of all wells on Chesapeake Operating, Inc.'s lease and all offset operators.
3. Exhibit A showing names and address of all offset operators.
4. Electrical log of the well showing tops and bottoms of producing zones and intervals of perforation indicated thereon.
5. Copy of Down Hole Commingle Order # DHC-3447 for the Upper Penn (Gas) pool and Canyon Atoka (Gas) pool.

Chesapeake Operating, Inc. has down hole commingled the Upper Penn and the Canyon Atoka and plans to dual complete with the Hoag Tank Morrow pool. Should you have any questions or need further information, please, call me at (432) 687-2992 extension 6032 or Mr. Andrew Mc Calmont, in our Oklahoma City office (405) 879-7852. Mr. McCalmont is our Asset Manager over this project.

We would like to extend our appreciation to you for your consideration and administrative approval of our project.

Yours truly,

A handwritten signature in black ink that reads "Brenda Coffman". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Brenda Coffman
Regulatory Analyst

Attachments: (5)

C: OCD – Artesia District Office with all attachments.